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ERS NEWSLETTER

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, DC

VOLUME 7, NUMBER 3
JUNE/JULY 1989

Administrator Presents 10th Annual Awards

ERS Administrator John Lee presented 33 special merit awards and 6 excellence awards during the Tenth Annual Special Merit Awards ceremony April 20.

The administrator's special merit awards are given to ERS staff who have made outstanding contributions to the work of ERS and USDA during the past year. Special merit awards were given to individuals and groups in the following categories: research, program effectiveness and improvement, special achievement, situation and outlook, communication, management support, and contributions towards equal employment opportunity and civil rights goals.

The excellence awards focus on specific products that were

completed in the past year rather than on performance throughout the past year. They recognize excellence in the following categories: research, situation and outlook work, cross-functional studies, and staff analysis.

Two awards were given in the research category. **Joseph Glauber** was honored for outstanding analysis in assessing generic certificates for the U.S. Office of Management and Budget. **Mohinder Gill, James Hauver, James Hrubovcak, Sally Kane, Michael LeBlanc, and John Reilly** received an award for outstanding analysis of the economic tradeoffs associated with producing ethanol.

Two awards were given in the situation and outlook category. **Amy Allred, Catherine Greene, Shannon Hamm, Barbara Johnson, and Gary Lucier** were cited for

excellence in developing and improving the situation and outlook program for vegetables and specialties. **Klaus Alt, Stephen Crutchfield, Arthur Daugherty, Dwight Gadsby, James Hauver, Ralph Heimlich, John Hostetler, Richard Magleby, Catherine McGuckin, Michael Moore, Tim Osborn, Merritt Padgitt, William Quinby, Carmen Sandretto, John Sutton, and Edwin Young** received an award for outstanding performance in reporting the situation and outlook for U.S. cropland, water, and conservation.

An award in the cross-functional studies category went to **James Johnson, Mitchell Morehart, and Elizabeth Nielsen** for excellence in conceptualizing and developing financial ratios for the evaluation of farm businesses (see related article on page 4).

An award in the staff analysis category went to **Harry Baumes, William Coyle, Larry Deaton, Walter Gardiner, Carol Goodloe, Howard McDowell, Frederick Nelson, Mary Anne Normile, Michael Price, Mathew Shane, and David Skully** for significant contribution to the development of alternative strategies for the current round of multilateral trade negotiations on agriculture. A reception honoring the awardees followed the ceremony.



ERS Hosts Southern Agricultural Economics Department Heads

ERS hosted a meeting of the southern agricultural economics department heads April 17-18 in Washington, D.C.

The first day's session included an overview of ERS's program by ERS Administrator John Lee, discussion of program division activities by ERS division directors Kenneth Deavers, John Miranowski,

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Patrick O'Brien, and Kelley White, and a discussion of ERS data access and data sales activities by ERS Data Manager James Horsfield.

The second half-day program included presentations by Keith Collins (director of USDA's Economic Analysis Staff) on current issues in U.S. agricultural policy, Charles Caudill (administrator of USDA's National Agricultural Statistics Service) on that agency's activities, and Clare Harris (associate administrator of USDA's Cooperative State Research Service) on the status of funding for cooperative State and Federal research. *Choices* editor Lyle Schertz provided a status report and raised some issues about the future of the *Choices* magazine.

The meeting provided an opportunity for ERS staff to become better acquainted with the southern agricultural economics department heads and for them to become more familiar with ERS's program emphases.

Organizational Changes in CED

ERS's Commodity Economics Division (CED) changed the name of its Fruits, Vegetables, Sweeteners, and Tobacco Branch to the Specialty Agriculture Branch, to better cover the wide range of crops and products being analyzed in the branch. In addition to fruits, vegetables, sweeteners, and tobacco, other responsibilities now include aquaculture, industrial crops, tropical beverages, floriculture, and exotics.

Two new sections have been created in the branch. The Aquaculture and Alternative Products Section will be responsible for quantifying the current volume and value of domestic and foreign production, estimating the size and geographic location of potential markets, and identifying critical

problems faced by these industries. Situation and outlook statistics will also be produced to enable producers, processors, and marketing agents of these products to make more informed production and marketing decisions. The Floriculture Analysis Section will be staffed when funding is available.

U.S.-Canada Free Trade Agreement

ERS economists are involved in implementing part of the recently enacted U.S.-Canada Free Trade Agreement. One provision of the agreement is that Canada will remove its import permit requirements on wheat, barley, and oats when the level of government support in the United States for these commodities is equal to or less than that in Canada.

Carol Goodloe (786-1610), Barbara Chatten, and James Vertrees (Economic Analysis Staff, USDA) have been designated to serve as members of a working group to collect and exchange information and data related to government programs for wheat, barley, and oats in each country and discuss the calculations (specified in the Agreement) of the levels of government support for each commodity. Final calculations were exchanged in mid-May. Each side has 30 days in which to accept or reject the calculations.

World Agriculture Trends and Indicators

World Agriculture Trends and Indicators is a new statistical series from ERS that provides global and individual country measures of economic and agricultural growth, development, productivity, and efficiency of resource use. Specific variables cover principal macroeconomic and agricultural indicators such as population, national income, consumption, factors of production, agricultural production indices, area, yield, and production quantities and

values for the crop and livestock sectors and for total and agricultural trade.

The series replaces *World Indices of Agricultural and Food Production* and is designed to serve as a quick reference for global and country agriculture. The first volume in the new series covers global indicators for the world, developed countries, developing countries, Eastern Europe and the Soviet Union, and China, and for 160 individual countries, with individual country indicators being more detailed than aggregate indicators. The second volume will provide regional indicators for 14 geographic regions. ERS economist Francis Urban (786-1705) is the project coordinator.

How Could Climatic Change Affect Agriculture?

Concerns that human activities will significantly change the Earth's climate have increased in recent years. Agriculture greatly depends on climatic conditions, and agriculture is also an emissions source for gases associated with climatic change. In response to these concerns, USDA is developing a plan for

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ERS Newsletter

Vol. 7, No. 3, June/July 1989

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The *ERS Newsletter* is published bimonthly by the Economic Research Service, U.S. Dept. of Agriculture, and distributed free to ERS employees, colleagues, and retirees. Subscription requests and address changes should be addressed to: *ERS Newsletter*, ERS/USDA, Rm. 1212, 1301 New York Ave. NW, Washington, DC 20005-4788 (202-786-3310).

Associate Administrator's Letter—*Challenges and Strategies*

At the ERS planning conference on April 25-28 at Hunt Valley, Md., all senior-level managers participated in what proved to be a productive session. The agenda was devoted to explaining the future priorities and directions of ERS research, situation and outlook, and staff analysis functions.

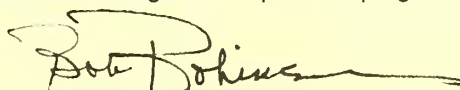


The agenda included outside speakers who provided perspectives of major problems and issues confronting decisionmakers in and out of government and the role of institutions, such as ERS, which provide research, information, and analysis. The remainder of the agenda focused on discussions of four major challenges: ERS's mission in the 1980's and beyond; applying ERS information and analysis to public policy issues; setting ERS priorities; and packaging ERS products. Challenge group discussions and a case study were used to provide maximum interaction and participation.

Several important ERS characteristics and challenges were discussed that will guide our program and management:

- Over the past two decades, ERS has shifted its focus from micro-level analyses to a broader agenda with heavy emphasis on policy analysis.
- Our comparative advantage lies in broad, policy-related analysis and in intermediate and long-term situation and outlook analysis in both the domestic and international arenas.
- A shift in program emphasis has led to new partnerships and cooperative relationships, changes in traditional relationships, and stronger ties with and participation in professional associations.
- Demands for analysis and information have increased from Congress, the executive branch, industry groups, and international institutions.
- We must continue to do *descriptive*, *predictive*, and *prescriptive* analyses, concentrating on the most likely impacts of changes in economic conditions and the policy environment on agriculture and rural America.
- ERS draws unique analytical and institutional strength from its programs in research, situation and outlook, and staff analysis and maintains large and diverse data bases. These areas are interrelated and mutually supportive.
- As an objective research and analysis institution in a changing environment, ERS must provide analysis to many publics in policy-sensitive areas and strive to meet the needs of each.
- ERS emphasizes rigorous analysis of critical issues. Categorization of ERS's program into disciplinary, descriptive, applied, etc., is less meaningful than ERS's ability to develop research capital to address important issues confronting decisionmakers.
- While ERS has many similarities with academia, it is not a university campus. Nevertheless, ERS staff must maintain close ties with professional colleagues and the professional community for mutual benefit.
- We must emphasize product content and packaging. We have multiple audiences with different needs and objectives. To achieve maximum impact, products should be designed to: (1) communicate well with their intended audiences, and (2) communicate only that which is relevant to those audiences.
- We must do a better job in integrating the rich analytical and institutional expertise in addressing broader issues.

One of the most productive results of the conference was the interaction among ERS managers. Perspectives were shared, insights gained, and better understandings of the challenges faced by ERS were achieved. In the next *ERS Newsletter*, I will discuss strategies to implement program goals.


Bob Robinson

research on the links between agriculture and potential changes in climate. ERS economist John Reilly (786-1450) is a member of the committee planning a USDA-wide effort that will include a research component for ERS.

Scientists from many disciplines face vast uncertainties as they investigate the potential for global climatic change. However, accumulating concentrations in the atmosphere of carbon dioxide, chlorofluorocarbons, methane, nitrous oxide, and other gases are believed to lead to warmer surface temperatures and changes in precipitation, cloud cover, and other climatic variables. These gases have been accumulating for a century or more in some cases, and the accumulation rate has increased significantly in the past few decades. While measurements are highly uncertain, agricultural activities during the 1980's contributed roughly one-quarter of the gaseous emissions having potential for causing climatic change.

USDA's planned research is part of a broader, international effort to address concerns for climatic change through the Intergovernmental Panel on Climatic Change (IPCC). The IPCC is composed of three working groups dealing with:

- the basic science of climatic change,
- response strategies for limiting the emissions of trace gases, and
- the effects of climatic change on human activities and natural ecosystems.

The "effects" working group, for which Reilly has been designated a contributing author, is chaired by the Soviet Union. Reilly and other authors recently met in Moscow to develop an outline of the "effects" report and to establish writing assignments. ERS economists Sally Kane and Rhonda Bucklin are working with Reilly to develop a research project that will support the effort.

Current Research

Financial Ratio Benchmarks Created

Recent financial difficulties of both farmers and agricultural lenders have generated concern within the profession about the lack of financial ratio benchmarks available to policymakers, lenders, farmers, investors, and other participants in the agricultural sector. The absence of a national source of such financial standards has limited the scope of financial analyses to less than a complete set of tools and indicators and has increased the potential for incorrect assessments about the financial health of particular members of the farm sector. Recognizing this void, the Costs of Production Standards Review Board, agricultural lenders, and other agricultural finance analysts challenged ERS to provide the standards necessary for a complete evaluation of a farm's financial condition.

Financial ratios provide a convenient means to summarize information contained in standard financial statements and, thus, to provide insights about various elements of performance. They can serve a variety of individuals and agencies. For example, farm business operators use ratio standards to compare the performance of their operations to similar farms, which allows them to identify areas for change or improvement. Agricultural lenders require ratio standards for loan pricing, credit evaluation, and monitoring the performance of existing loans. Financial ratios also provide a foundation for a host of research issues, including identifying factors associated with successful farms, determining characteristics that must be considered when comparing financial performance, and comparing farm and nonfarm business profitability,

efficiency, and other performance measures.

In *Development and Use of Financial Ratios for the Evaluation of Farm Businesses* (TB-1753) ERS analysts Mitchell Morehart (786-1801), Elizabeth Nielsen, and James Johnson have developed and empirically evaluated a set of financial ratios examining solvency, liquidity and coverage, and efficiency and profitability using data from the 1986 Farm Costs and Returns Survey. Because the most appropriate ratios to use in financial analysis are not necessarily the same for all farms, several ratios were investigated for each element of financial performance. To give those concerned with farm finance a more complete perspective of performance, a quartile distribution of farms by ratio values was explored for all farm operators and by economic size, type of production, production region, tenure arrangement, and operator age.

This study is a first attempt at establishing national standards of comparison for farm financial performance. A rigorous statistical analysis of the relationships between alternative ratios is still needed for two reasons: (1) adequately assessing financial performance requires analyzing a set of ratios representing each element, rather than simply studying individual ratios and the choice of a ratio among several that can represent an element will affect the assessment, and (2) the relative importance of each element will differ depending on the set of ratios chosen for analysis, and the relative weight attached to a particular aspect of performance will affect the overall perception.

Sheep Industry Study Completed

The Omnibus Trade and Competitiveness Act of 1988 required ERS to conduct a study of the sheep industry. A study team, led by ERS economist Richard Stillman

(786-1286), noted that the sheep inventory in the United States has declined from 49 million head in 1942 to 9 million head in 1989. Around 1980, however, the industry appeared to stabilize. Since then, the sheep inventory has exhibited the cyclical fluctuations typical of most livestock industries. Imports of lamb fluctuate countercyclically, but have declined along with domestic production.

Imports are not the source of the industry's decline. Cattle production competes with sheep production for labor and land; two-thirds of sheep producers also produce cattle. Sheep require more management skills and labor than cattle and, since World War II, have generally been less profitable than cattle. The main challenge to the industry is to expand consumption of a relatively expensive red meat at a time when all red meats are losing market share to poultry.

Wheat Grading Standards Study Completed

The U.S. Grain Standards Act Amendments of 1988 required USDA's Federal Grain Inspection Service (FGIS) to study the effects of combining dockage and foreign material into a single grading factor for wheat. FGIS asked ERS to evaluate the economic costs associated with such a change. ERS economists Stephanie Mercier (786-1840) and Edwin Young evaluated the economic effects that such a new standard, either as a grade limit factor or as a discount factor, would have on wheat producers, handlers, and exporters.

The United States is the only major exporter that measures and reports dockage as a quality factor separate from foreign material, which confuses many wheat importers. Dockage is distinguished from foreign material on the basis of particle size, weight, and ease of mechanical removal from a

sample of wheat. If adopted, the combined grading factor would primarily affect the U.S. export market, as domestic millers do not question dockage as a measure.

Data for 1984-88 indicate that most classes of wheat exported contained less dockage and foreign material in 1988 than in 1984. However, this wheat still contained more dockage and foreign material than that of Australia and Canada, our two major competitors.

The economic effects of adopting a grading factor that combines dockage and foreign material were estimated for enforcement as a grade-determining factor and as a deductible factor. If the combined amount of dockage and foreign material was used as a grade-determining factor, given the current 1.0-percent limit on foreign material for U.S. Grade No. 2, the added cost would be \$18.7-\$19.9 million, depending on the year for which the costs were estimated. The



combined dockage and foreign material factor could be treated as a discount factor, either with established market discounts or with deduction for weight. The costs under this alternative in 1987/88 would range between \$5.4 million (for deduction by weight) and \$22.3 million (for the discount schedule). Producers could reduce discounts by cleaning wheat at the country elevator to meet grade specifications. The costs of cleaning the wheat would range from \$21.4 million to \$26.7 million, depending on whether the dockage removed to meet the No. 2 grade limit was sold to feed processors or

discarded. The range of costs is 0.1-0.6 percent of the annual value of U.S. wheat export sales. Discounting practices and price differentials in the market would likely adjust under a new grading environment. Only under the scenario of widespread cleaning do these cost estimates imply an improvement in wheat quality.

Crop Insurance Studied

ERS economist Joseph Glauber is coordinating a study of Federal crop insurance for the U.S. Office of Management and Budget (OMB). A workshop to discuss the study was held May 17. Participants included representatives from the OMB, the Federal Crop Insurance Corporation (FCIC), the Commission to Improve Federal Crop Insurance, and private industry as well as researchers from the University of Maryland, Michigan State University, Purdue University, and North Carolina State University.

An interim report, due July 1, will estimate the effects on Treasury costs of three alternative programs. These include implementing a compulsory crop insurance program, providing free coverage to participants in price and income support programs, and replacing current deficiency payment programs with a target revenue program. The interim report will also discuss conceptual issues, such as optimal participation rates and the feasibility (and desirability) of privatizing the FCIC's reinsurance function. The second part of the report, due in early 1990, will present a detailed discussion of the role of crop insurance as a risk management tool.

ERS economists participating in the study are Linda Calvin, Roger Conway, Sam Evans, Joy Harwood, Hyunok Lee, Gerald Plato, Michael Salassi, and Roger Strohbehn.

Export Performance in Africa Analyzed

ERS economists Shahla Shapouri and Stacey Rosen (786-1680) have been focusing on the export sector as the key to African economic recovery and have been examining potential consequences of the performance of exports in future economic growth.

As the scarcity of foreign exchange continues, Africa's export sector must play the key role in generating investment income for Africa's financial recovery. The average annual increase in real export earnings for the 17 countries studied was less than 1 percent from 1980 to 1986.

Along with slow growth, instability of export earnings has a destabilizing effect on import capacity and economic growth. The variation in export earnings estimated by Shapouri and Rosen averaged about 26 percent; an index of export shortfalls averaged about 10 percent. Commodity diversification was found to be a significant factor in improving export earnings growth and reducing export instability.

Given the slow movement toward diversification, the performance, especially of prices of primary commodities, and improved government incentives will remain the key factors in Africa's export and economic recovery.

Alternative Grading Standards for Sorghum

ERS economists Mark Ash and William Lin (786-1840) have completed a special study of the economic implications of adopting alternative grading standards for sorghum being considered by USDA's Federal Grain Inspection Service. The alternatives evaluated were: (1) separating broken kernels and foreign material into two grading factors and treating dockage as a deductible,

(2) making broken kernels and a combined foreign material and dockage separate grading factors, and (3) making broken kernels a single grading factor and deducting combined foreign material and dockage by weight.

The costs to the sorghum industry could range from \$4.4 million to \$26.2 million, depending on the option considered and actions taken by the sorghum industry. The higher costs result from the industry's accepting reductions in grade without undertaking measures to improve quality to meet the higher standards. Ash and Lin estimate, however, that costs of the alternative options would most likely fall between \$4.4 million and \$14.4 million, because the industry would probably use some combination of blending and cleaning to improve grain quality to avoid reductions in grade.

Higher Incomes in Thailand May Affect U.S. Exports

ERS economists Sara Schwartz and Douglas Brooks (786-1664) recently examined Thailand's feed and livestock production, domestic use, and net export trends and developed projections to the year 2000 under alternative income growth assumptions. Thailand is an important agricultural exporter, a significant competitor for U.S. rice, corn, and poultry exports, and a potential market for U.S. agricultural exports as one of the fastest growing countries in Asia.

Because economic growth in developing countries is accompanied by changing patterns of agricultural production, consumption, exports, and imports, its effect on a country's net trade is especially difficult to analyze. One of the most significant changes Brooks and Schwartz predict is increased meat consumption and production and consequent growth in feed demand.

Brooks and Schwartz also project that livestock production will grow in response to rising domestic and, in the case of poultry, export demand, leading to increased feed demand. Rice exports are forecast to continue expanding as coarse grain exports decline and greater oilseed or meal imports are required, creating opportunities for increased U.S. corn and soybean or soybean meal exports.

How Many People Are in the Farm Sector?

The farm population has long been officially defined as all people who live on farms, without regard to occupation or income. However, many farm-



related people now live off farms and many people who live on farms work elsewhere. Other ways of identifying the farm population must be considered because efficient and responsive policymaking in today's diverse farm community requires clearly defined target populations.

In *Alternative Definitions of Farm People* (AGES-89-9), ERS analysts Margaret Butler (786-1536) and Judy Kalbacher analyze relationships among three identifying criteria: farm residence, farm occupation, and farm income. According to data

from the March 1983 Current Population Survey by the Bureau of the Census, 11 million people lived in households associated with farming in some way. The criteria developed in this report yield a farm-resident population of 5.6 million, a farm-occupation population of 7.4 million, and a farm-income population of 6.3 million.

The report demonstrates the relative strengths and weaknesses of these alternative definitions of farm people, makes comparisons to emphasize the ways that farm people differ from nonfarm people and each other, and discusses the total farm-related population, defined as all persons in farm-related households identified by residence, occupation, or income. The authors conclude that, although one alternative or another may be better for some purposes, no one definition is so clearly superior that it alone best describes the Nation's farm population.

Model of Federal Reserve Alternative Federal Funds Rate Developed

ERS analyst Paul Sundell (786-1782) is developing a reaction function model of Federal Reserve policy to determine an alternative Federal funds rate. The model provides superior in-sample and out-of-sample forecasts when compared with other models of the Federal funds rate. Both previous-quarter data on real, financial, and inflation variables and current-quarter Federal Reserve staff forecasts of the unemployment rate are important in such an analysis. Much of the model's improved performance compared with previous models is attributed to the inclusion of variables related to the international trade balance, exchange rates,

domestic default risk in the banking system, and shifts over time in the Federal Reserve's pursuit of countercyclical stabilization policy.

The model will aid ERS in its macroeconomic forecasts and its analysis of Federal Reserve policy. The input provided will be used in forecasts of other macroeconomic variables and various agricultural interest rates. While qualitative judgment is still important in forecasting Federal Reserve policy, the model represents a significant improvement over existing reaction function models.

Nonmetro Wages in the Postindustrial Society

ERS analyst Shirley Porterfield (786-1547) has been examining the topic of wages in nonmetro areas in the postindustrial economy, with special emphasis on those in service-producing industries. Service-producing industries played a major role in bringing many metro and nonmetro counties out of the recession of the early 1980's. Although service-producing jobs are often characterized as low wage, low skill positions, they include a wide range of wage levels and occupations.

Porterfield analyzed wages by industry at the county level, examining both cross-industry and cross-county wage differentials. In the first analysis, counties are grouped by degree of urbanization and proximity to metro areas. Wages within each group of nonmetro counties are compared across groups of service-producing and manufacturing industries. Holding industry constant, the second analysis examines wage differentials across county groups, including an analysis of wages in metro versus nonmetro counties.

Porterfield has found that average wages offered by

service-producers are generally lower in rural counties than in urban counties. However, when a price index derived from indices published by the Bureau of Labor Statistics is used as a proxy for geographical differences in cost of living, metro-nonmetro average wage differentials nearly disappear. Also, service-producing wages in many nonmetro counties are higher than the average service-producing wage and approach wages paid by lost manufacturing and mining positions.

Transition to Harmonized Trade System

ERS has acquired the new international Harmonized System (HS) of concordances for retrieval of export and import data from electronic tapes prepared by the Bureau of the Census, U.S. Department of Commerce. HS files have been reformatted into ERS commodity groups to provide maximum comparability with historical series. The HS generally provides more detail on commodity trade than previous Schedule B and Trade Schedules of the United States of America systems. The system requires 10-digit codes for each commodity, compared with 7 digits in the previous schedules.

The United States and its major trading partners have agreed to implement a more uniform trade reporting system. To this end, U.S. export and import codes have been converted into HS codes to more closely align commodity trade reporting systems among countries and to provide comparability between export and import statistics.

ERS maintains a database for U.S. foreign agricultural trade. The database, built on raw data from the Bureau of the

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Census and from other sources, records U.S. exports and imports by commodity, country of import origin or country of export destination, and quantity and value. Most data are reported monthly. ERS systematically edits, revises, and updates the database.

ERS economist Thomas Warden (786-1822) played a key role in making USDA's agricultural trade reporting system conform to the new Harmonized System.

ERS Alumni News

[We invite ERS alumni to write to the ERS Newsletter editors at the address on page 2 about what they or other alumni are doing, where they are living, etc.]

Former colleague and director of agricultural economics in USDA, **Willard Cochrane**, has moved from California back to 1021 93rd St., Roberts, WI 54023 • former ERS/BAE economist **Edward Karpoff** is a private consultant and lives at 4906 Bangor Dr., Kensington, MD 20895 • and recent retiree, **Lyle Schertz**, editor of *Choices* magazine, and **Melvin Cotner**, retired ERS deputy administrator, hosted a breakfast for about 45 ERS/BAE retirees and alumni in Falls Church, Va., April 29. Those attending agreed to meet on a more regular basis. More information on alumni activities will be provided in this column in future ERS Newsletters.

Personnel Notes

Gajewski Is New Agricultural Outlook Editor

Gregory Gajewski is the new editor of ERS's *Agricultural Outlook*



Carolyn Riley

magazine. He is responsible for planning, editing, and writing articles for the magazine.

Gajewski joined ERS in 1985 as a financial economist, Finance and Tax Branch, Agriculture and Rural Economy Division, where he did research on agricultural commercial banking and a wide range of farm and rural credit issues. He also served on the editorial board of *Rural Development Perspectives*.

Prior to joining ERS, Gajewski taught economics at George Washington University, George Mason University, and Georgetown University. He also worked as an associate economist with the President's Minimum Wage Study Commission during 1980-81, estimating the inflationary effects of increasing the minimum wage.

Gajewski has a B.A., M.Phil., and Ph.D. in economics from

Washington University. He has received three ERS Administrator's Special Merit Awards and three USDA Certificates of Merit.

Hyberg Selected for ERS-ABARE Exchange Program

Bengt Hyberg has been selected as ERS's exchange economist to work at the Australian Bureau of Agricultural and Resource Economics (ABARE) in



Carolyn Riley

Canberra under the continuing ERS-ABARE exchange program. Hyberg will research the effects of interactions between Australian agricultural and environmental policies on land degradation.

Hyberg joined ERS in 1986. His research has included the effects of trade liberalization, mandatory production controls, and the Conservation Reserve Program. He has a B.S. in forest management from Rutgers University and an M.S. in forest management and a Ph.D. in economics and forest management from North Carolina State University.

Highlights of Staff Activities

Agriculture and Rural Economy Division

At an Eastern Economic Association meeting in Baltimore, Md., **Mark Denbaly** discussed the Soviet Union's trading behavior; **Caroline Fohlin** presented a paper, "Value Added Terms of Trade and Sectoral Factor

Commitment"; **Gregory Gajewski** presented a paper, "Assessing Systemic Risk with a Bank Failure Prediction Model" and chaired a session on the "Changing Nature of the Banking System"; **Merritt Hughes** presented a paper, "General Equilibrium of a Regional Economy with Application to Credit Rationing" and chaired a session on "Monetary Policy, Fiscal Policy, and Public Finance"; **Steve Koenig** and **Patrick Sullivan** presented a paper, "Federal Guaranteed Loans: Case of

FmHA's Guaranteed Farmer Loan Programs"; **Sullivan** also chaired a session on "Rural Capital Markets"; **Donald Lerman** presented a paper, "Analysis of the Recent Surge in Consumer Debt in Rural Areas"; **Daniel Milkove** presented a paper, "Does Deregulation Mean the End of the Rural Community Bank?"; **Clifford Rossi** presented a paper, "Prepayment Cost Analysis for Farm Mortgages"; and **Stephen Tokarick** presented a paper, "Endogenous Tariff Formation in a Computable General Equilibrium Model" • **Mary Ahearn, David Banker, Dargan Glaze, James Johnson, Mitchell Morehart, and Michael Salassi** hosted a visit from agricultural economists and statisticians from Agriculture and Statistics Canada • **Ahearn, Mir All, Glaze, Johnson, and Kenneth Mathews** prepared sessions and materials for a conference on "Cost of Producing Wheat in the U.S.," in Kansas City, Mo. • **Johnson and David Harrington** chaired sessions and **Thomas Carlin** spoke on "Longitudinal Family Farm Surveys" at a Rural Data Needs Conference in Lexington, Ky. • **Johnson and Roger Strickland** participated in data users meetings jointly cosponsored by ERS, NASS, and AMS in California, Florida, Michigan, New York, and Oregon • **Ronald Babula** presented a paper (coauthored with David Bessler, Texas A&M University), "Drought-Induced Influences in the Wheat Sector," at a meeting of the Southeast Region of the Decision Sciences Institute in Charleston, S.C. • at a North Central Rural Development Center conference on "Input-Output Modeling" in Kansas City, Mo., **Andrew Bernat** presented a paper, "Transfer Payments"; **Stephen Tokarick** presented a paper, "Endogenous Tariff Formation in a Computable General Equilibrium Model"; and **Gerald Schluter** presented a paper, "Using I/O for Sectoral Analysis:

National Level" • **Alan Bird** presented a paper and led a session on "Today's Economy and You" at a national meeting of 4-H members and advisers • at a meeting of the Southern Regional Science Association, in Chapel Hill, N.C., **Herman Bluestone** presented a paper (coauthored with **Celeste Long** and **Shirley Porterfield**), "Small Business Activity: Does It Make a Difference at the County Level"; **James Miller** presented a paper, "New Firm Survival and Growth in Rural Areas"; and **Richard Reeder** presented a paper, "Economic Development Consequences of Growing Elderly Populations in Nonmetro Counties" • **Elliott Dubin** presented a paper, "Financing Rural Elementary and Secondary Education," at a meeting of the American Education Research Association in San Francisco, Calif. • **Lowell Dyson** is spending 2 months as a visiting lecturer on American agricultural development and USDA's role at Jilin University, in China • **Martha Frederick** was a guest lecturer on "What Geographers Do in the 'Real World' at the University of Idaho" • **Gregory Hanson** discussed the income and finance outlook at an Agricultural Round Table Conference in Phoenix, Ariz., at a Farm Credit System Assistance Board retreat in W. Va., and at an ERS Outlook Conference in Memphis, Tenn. • **Cecil Harvey** discussed ERS's functions and publications relevant to native Americans at a meeting of the National Congress of American Indians, in Washington, D.C. • **Stephen Hiemstra** spoke on the operation of the Federal Agricultural Mortgage Corporation (Farmer Mac) at a conference of country bankers, in Bismarck, N. Dak. • **Hiemstra** also was interviewed by *Agri-Finance* magazine on his publication, *Prospects for a Secondary Market in Farm Mortgages* (AER-603) • and **Hiemstra** was interviewed by *FarmFutures* magazine on the future of Farmer Mac • **Fred**

Hines presented a paper, "Farm and Farm-Related Employment, Rural Regions, and Economic Performance in the 1980's" at an Agribusiness Outlook and Policy Conference in Des Moines, Iowa • **Ralph Monaco** spoke on the outlook for the overall economy at a Beltwide Cotton Conference in Nashville, Tenn., at a Northeast Dairy Conference in Williamsburg, Va., and at an ERS Situation and Outlook seminar in Memphis, Tenn. • **Hossein Parandvash** presented a seminar on the theory and application of the "nonnumeric information mixed estimator" at Oregon State University • **Norman Reid** and Ronald Knutson (Texas A&M University) conducted a workshop on rural development at a Congressional Staff Conference on "Fixing Farm Policy: Tune-Up or Overhaul?" cosponsored by the Congressional Research Service, Farm Foundation, and Resources for the Future, in Richmond, Va. • **Reid** also spoke about rural development policy issues to participants in a Minnesota/Iowa Leadership Empowerment for Agriculture Development Program, in Washington, D.C. • at an American Association for the Advancement of Science meeting in San Francisco, Calif., **Sherman Robinson** (visiting scholar from the University of California, Berkeley) participated in a session on "Developments in the Use of Federal Government Economic Statistics for Scientific Research" and presented a paper (coauthored with **Kenneth Hanson**), "Data, Linkages, and Models: U.S. National Income and Product Accounts in the Framework of a Social Accounting Matrix" • **David Sears** spoke on ways ERS might be able to identify resources, at a meeting of rural education specialists organized by the U.S. Department of Education • and **Paul Swaim** presented a paper, "Worker Displacement in the 1980s: Overview of Recent Trends," at

[Continued on p. 10.]

an American Society of Mechanical Engineers and Consortium of Social Sciences Association conference on "Workers in Transition: Technological Change."

Agriculture and Trade Analysis Division

Nancy Cochrane participated in a Woodrow Wilson International Center for Scholars conference on "Eastern Europe's Peasant Legacy and the Prospect for Private Agriculture" • **Edward Cook** was interviewed by USDA radio on recent discussions of agricultural policy in the U.S.S.R. • **David Kelch** presented a paper, "EC 1992 Restructuring and Implications for Agriculture," at a Wharton Econometric Forecasting Associates conference • **Kenneth Gray** participated in a Soros Foundation-U.S.S.R. meeting to promote the opening of the U.S.S.R. economy, in London, U.K. • **Terry Hickenbotham** and **Robert House** participated in an S-232 regional research committee meeting on "Quantifying Long-Run Agricultural Risks and Evaluating Farmer Responses to Risk," in Sanibel Island, Fla. • at a Food and Agriculture Organization of the United Nations committee meeting on world food security, in Rome, **Richard Kennedy** and **Mark Smith** (CED) prepared position papers in response to the FAO secretariat's assessment of the current world food security situation, as affected by the recent reduction in world cereal stocks; and **Maurice Landes** presented a paper on the lessons to be learned from India's experience with policies and programs to achieve food security • **Michael Kurtzig** met with government officials in Turkey to discuss the science and technology agreement between USDA and the Ministry of Agriculture • **Yuri Markish**

was interviewed by "Radio Free Europe/Radio Liberty" and "Voice of America" on agricultural reforms in the U.S.S.R. • **Edward Overton** reviewed progress and plans for the Inter-American Institute for Cooperation in Agriculture, in San José, Costa Rica • **John Parker** was a panelist at a Middle East Executive Reports conference on trade information for Iraq and Iran • and **Gary Vocke** spent two weeks in Thailand reviewing the progress of six U.S. Agency for International Development agricultural technology transfer projects, preparing an evaluation report, and briefing USAID staff.

Commodity Economics Division

Karen Ackerman participated in an NEC-63 conference on "Evaluation of Advertising and Promotion Programs," in Orlando, Fla. • **Mark Ash** and **William Lin** presented a paper, "Analysis of the 1987 State Feed Tonnage Reports" to an American Feed Industry Association meeting in Arlington, Va. • **Robert Barry** discussed the role of sugar in multilateral trade negotiations at an American Farm Bureau Sugar Advisory Committee meeting in Denver, Colo. • **Peter Buzzanell** gave a briefing on the world and U.S. sugar outlook and related policy issues at a World Perspectives seminar, in Washington, D.C. • **Thomas Bickerton**, **Robert Cummings**, **Robert Hoskin**, **Cathy McKinnel**, **James Schaub**, and **Bruce Wendland** discussed ERS's oilseeds program and current soybean market conditions and the potential for rapeseed with staff of the American Soybean Association • **Boyd Buxton** and **Gary Lucier** spoke on ERS's fruit and vegetable program at data users meetings cosponsored by ERS, NASS, and AMS in Florida, California, Oregon, Michigan, New York, and Washington, D.C. • **Lee Christensen** presented a paper,

"Future Directions and Challenges for Egg Marketing," at University of California seminars in Riverside and Modesto, Calif. • **James Cole** participated in a winter wheat crop inspection tour of Kansas and Nebraska and met with representatives of the Kansas State Agricultural Research Station to discuss the October-March weather effects on winter wheat varieties • **Bradley Crowder** and **James Schaub** participated in an Oilseed Processing Clinic, in New Orleans, La. • **Richard Fallert** presented a paper, "Where Milk Marketing Is Heading," at a Dairy Industry Workshop in Blacksburg, Va. • **Fallert** also chaired and participated in a Southern Regional Dairy Research meeting on "Economic and Technical Forces Shaping the Southern Dairy Industry" • **Ann Fleming** presented a review of ERS's Federal milk marketing order study at a Michigan Farm Bureau Dairy Conference in Lansing, Mich. • **Edward Glade** and **Harold Stults** participated in a research planning meeting on future cotton quality needs, in Charlotte, N.C. • **Joseph Glauber** participated in a meeting of the American Association of Crop Insurers in Orlando, Fla. • **Glauber** also presented a paper, "Federal Crop Insurance and the 1990 Farm Bill," at the University of Wisconsin, Madison • **Catherine Greene** participated in a vegetable tour of Northwest Mexico sponsored by Cornell University • **Verner Grise** spoke on the tobacco situation and outlook at a meeting of the Tobacco Association of the United States in Hilton Head, S.C.; at a Tobacco Marketing Symposium and a South Carolina Tobacco Warehouse Association meeting in Myrtle Beach, S.C.; and a Burley Leaf Dealers meeting in Lexington, Ky. • **Ronald Gustafson** discussed cattle inventory, marketing trends, and their effects on market news reporting at a Market News meeting in Phoenix, Ariz. •

Charles Handy organized and led a discussion session on "Collecting and Harmonizing International Trade and Industrial Data on Food Manufacturers" at an NC-194 meeting on the Organization and Performance of World Food Systems, in Arlington, Va. • **Roger Hoskin** participated in a Soybean Economists Roundtable in St. Louis, Mo. • **Bengt Hyberg** presented a paper (coauthored with **Michael Dicks** and **Thomas Hebert**), "Implications of the Current and Proposed Environmental Policies for American Rural Economics," at an NCR-149 meeting in Columbus, Ohio • **Doyle Johnson** spoke on floriculture at an American Farm Bureau Federation Agricultural Nursery and Greenhouse Advisory Committee meeting in New Orleans, La. • **Carolyn Liebrand** and **Ann Fleming** participated in a Midwest Milk Marketing Conference in Madison, Wis. • **Stephanie Mercier** and **Edwin Young** toured a wheat export facility in Galveston, Tex. • **Mercier** presented a paper (coauthored with **Bengt Hyberg**), "Feed Grain Markets in a Free Trade Environment," at an Eastern Economic Association meeting in Baltimore, Md. • **James Miller** presented the dairy outlook at a Northeast Dairy Conference in Williamsburg, Va. • **Rosanna Morrison** gave a paper, "Economies of Food Irradiation: Comparison between Electron Accelerators and Cobalt-60" at a meeting on radiation processing in The Netherlands • **Lester Myers** presented a paper on changes in the U.S. food supply at a National Institutes of Health workshop on "Dietary Behavior Changes for Disease Prevention" • **Mark Smith** presented a paper (coauthored with **Gene Mathia** and **Michael Price**), on the relative costs of options to deal with U.S. wheat surpluses, at a Southern Agricultural Economics Association meeting in Nashville, Tenn. • and **Mark Weimar** and **Kevin Bost** participated in an

NC-143 conference on "Applied Forecasting Techniques," in Chicago, Ill.

Resources and Technology Division

Stan Daberkow was interviewed by USDA Satellite News on 1988 pesticide and fertilizer use and on possible effects of growing interest in production practices aimed at reducing reliance on chemical inputs • **Daberkow** and **Harold Taylor** participated in a Wharton Econometric Forecasting Associates conference • **Peter DeBraal** has been interviewed by numerous farm journals and newsletters and by USDA radio and TV news services on foreign investment in U.S. agricultural land • **Ralph Heimlich** spoke on the effects of growth in metropolitan areas on agricultural operations in and near those areas to USDA's Small Farm Resources Development Working Group • **Heimlich** and **Marlow Vesterby** presented papers on land use change and its effect on agriculture in fast-growth and metro counties at a meeting of the Population Association of America, in Baltimore, Md. • **Richard Magleby** participated in a meeting of the Conservation Technology Information Center, in Washington, D.C. • **Craig Osteen** and **John Schaub** discussed integrated pest management issues and implementation strategies at a meeting sponsored by the National Coalition on Integrated Pest Management, in Washington, D.C. • and **Gene Wunderlich** met with the Land Records Committee of the National Association of County Recorders and Clerks, which has agreed to assist in design and conduct of the upcoming ERS Land Transfer Survey.

Data Services Center

Linda Atkinson presented a personal computer hands-on workshop in SAS/IML and

Charles Hallahan presented a paper, "Estimating Stochastic Coefficient Models with the SAS System," at a SAS User Group International meeting in San Francisco, Calif.

Office of the Administrator

John Lee discussed ERS's program and social science research agenda at an Experiment Station Committee on Organization and Policy meeting in Orlando, Fla. • **Lee** also participated in a review of the Department of Agricultural Economics at Texas A&M University, in College Station, Tex. • **Lee** also presented a paper (coauthored with **John Reilly**), "Consumer Impacts of Biotechnology," at an Institute for Food Technologists conference in Rosslyn, Va. • **Lee** also participated in a planning meeting for the future of the Social Science Agricultural Agenda Project, in Kansas City, Mo. • **Lee** also presented the charter for the John D. Black Appreciation Club of the AAEA Foundation at an ERS/BAE retirees luncheon in Washington, D.C. • **Lee** also chaired a seminar on the Social Science and Agricultural Agenda Project at a Joint Council on Food and Agricultural Sciences meeting in Washington, D.C. • **Lee** also presented a seminar, "Social Science Research and Rural Revitalization," at the dedication of the Charles H. Moore Agricultural Research Center at North Carolina A&T University in Greensboro, N.C. • **Bob Robinson** was head of the U.S. delegation to the Committee for Agriculture Meeting of the Organization for Economic Cooperation and Development, in Paris, France • and **Robinson** also discussed ERS's research program and priorities at a Western Association of Agricultural Experiment Station Directors meeting in Monterey, Calif.

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